

## Understanding employment systems from a gender perspective: pitfalls and potentials of new comparative analytical frameworks

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**Understanding Employment Systems from a  
Gender Perspective –  
Pitfalls and Potentials of New Comparative Analytical  
Frameworks**

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## **Zusammenfassung**

Unter dem Einfluss von Globalisierung, Wohlfahrtsstaatstransformation und politischen und gesellschaftlichen Umbrüchen sind nationale Arbeitsmärkte in fortgeschrittenen Marktökonomien erheblichen Veränderungen ausgesetzt. In geschlechtssensibler Perspektive wird deutlich, dass hier nicht nur Deregulierung von Beschäftigung sondern auch Re-Regulierung eine Rolle spielt, ebenso wie Arbeitsmarktdynamiken auch durch Veränderungen im Geschlechterverhältnis beeinflusst sind. Diese Komplexität des Wandels stellt eine Herausforderung für die vergleichende Arbeitsmarkt- und Wohlfahrtsstaatsforschung dar, in deren Typisierung von Arbeitsmarktregimes Geschlechterverhältnisse nur begrenzt Berücksichtigung finden. Vor diesem Hintergrund fragen wir, wie in einschlägigen neueren Ansätzen zur Analyse von Arbeitsmärkten Wandel von Beschäftigungssystemen *und* Geschlechterverhältnissen konzipiert wird. Im Mittelpunkt stehen drei prominente komparatistisch ausgerichtete Konzepte: der polit-ökonomische Ansatz ‚Varieties of Capitalism‘ (Hall/Soskice 2001), die mikro-ökonomische Theorie von Beschäftigungssystemen von David Marsden (1999) und Neil Fligstein’s wirtschaftssoziologischer Ansatz ‚The architecture of markets‘ (2001). Wie die Ergebnisse zeigen, unterscheiden sich die Ansätze in der Identifikation von relevanten Akteuren (Betriebe, Beschäftigte, Staat) ebenso wie in der Rolle, die Ausbildungsinstitutionen für die Strukturierung von Arbeitsmärkten zugeschrieben wird. Damit ergeben sich für die Analyse von geschlechtsspezifischen Aspekten von Beschäftigung unterschiedliche blinde Flecken und Erkenntnispotentiale.

## **Summary**

Economic globalization, welfare state transformation as well as political and social change on national and supranational level impact on national labor markets in advanced societies in complex ways. From a gender perspective, these dynamics of change entail deregulation as well as re-regulation of employment systems and at the same time are triggered by shifts in gender relations. Addressing this complexity poses challenges to scholarly research comparing employment systems and systemizing cross-national variations of labor market regimes which tend to neglect gender relations as a relevant factor of change. This context sets the framework for our question on how ongoing changes in employment systems *and* in gender relations are taken up in recent scholarship. We focus on three approaches prominent in the mainstream scholarly debate which address the current state of employment systems in advanced economies in comparative perspective spanning from political economy to micro economics and economic sociology, namely the Varieties of Capitalism (VOC) approach (Hall/Soskice 2001), Marsden’s micro-economic theory of employment systems (1999) and Fligstein’s work ‘The architecture of markets’ (2001). The approaches differ in the assignment of agency (to firms, employees and the state) as well as in the assessment of the role of educational institutions for shaping employment systems. They thus dispose of different pitfalls and potentials for analyzing the gendered character of change of employment systems.

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## 1 Introduction

Comparing employment systems is a well-established field of scholarly research while research on comparative gender regimes is still at an earlier stage. Within labor market research occupational segregation, the gender pay gap and other aspects of labor market segmentation and their gender effects are well documented. Studies on cross-variations in occupational and other aspects of labor market segmentation in relation to gender have established a range of *cross-national similarities* with respect to the (low) labor market participation of mothers, horizontal and vertical segmentation and the construction of part-time work for accommodating women's unpaid care responsibilities (Rubery 1999; Charles 2005). At the same time however, and depending on the level of analysis, *cross national variations*, for example in female participation rates and the relative weight and gendering of part-time work, are evident (Blossfeld/Hakim 1997; England 2005). So far, feminist scholarship mainly in comparative welfare state research has focused on the existence and explanation of this kind of cross-national variation in women's integration into paid work (Häussermann/Siebel 1995; Sainsbury 1996; Gornick et al. 1997; O'Connor et al. 1999; Duncan/Pfau-Effinger 2000; Daly 2000; Lewis 2002; Gottfried/O'Reilly 2002).

Apart from studying cross-national variations an additional challenge is posed by the *transition to a knowledge-based service economy* in the advanced economies, and transitions away from authoritarian rule in Eastern Europe and East Asia. These developments confront cross-national studies with the need to *study change in the context of comparisons*. In this context a major part of labor market and employment research as well as studies comparing welfare regimes focus on flexibility, marketization and the changing balance of national states und supra-national politics, as responses to demands raised by economic globalization, the internationalization of markets, but also political and demographic shifts. From a gender perspective however, not only *deregulation of labor markets* but also *re-regulation of employment* have to be taken into account. Thus, the shift away from normative support for traditional gender relations, and growing support for greater gender equality, as legislated by equal employment policies at the international and national levels may be seen as a major advance (Walby 2007). This is paralleled by EU and national policies targeting those 'inactive' but of eligible age and thus promoting an adult earner model whose impact on social rights of women is debated controversially (Gerhard et al. 2002; Knijn/Ostner 2002).

In any case, rising educational levels and increasing employment of women have been impacting on the Western employment systems for some time; today, however, they meet at a historical conjuncture where all advanced economy societies can be understood as undergoing a major social re-negotiation in relation to established protections for employment and families, shared understandings about the employment relation, the roles of actors and the legitimacy of employment practices and their outcomes. Thus, labor markets appear as an area where new space for change in traditional gender relations coincide with the emergence of new social divides, often class- and gender-based.

This context sets the framework for our inquiry into how ongoing changes in employment systems *and* in gender relations are taken up in recent scholarship. We will focus on three approaches prominent in the mainstream scholarly debate which address the current state of employment systems in advanced economies in comparative perspective spanning from political economy to micro-economics and economic sociology, namely the varieties of capitalism (VOC) approach (Hall/Soskice 2001), Marsden's micro-economic theory of employment systems (1999) and, Fligstein's work 'The architecture of markets' (2001). They all advance distinct accounts of change (or stability) of employment systems, their relevant actors and interrelation with state or politics and society. Research on gender-based segmentation and inequality has proceeded in a way unconnected to theories of the emergence and effects of employment systems, and vice versa, with only very recent attempts to consider interconnections or areas of mutually fruitful insights (an exception is the recent special issue of Social Politics, see McCall/Orloff 2005). Despite the fact that none of the approaches reviewed here was developed to explain gender effects of employment systems, we think it is fruitful to see whether they are of relevance to such an endeavor.

The varieties of capitalism (VOC) approach (Hall/Soskice 2001) encompasses more than a comparison of employment systems, in that it engages in an analysis of comparative advantages of different economies, drawing on a theory of firms as major strategic actors. Based mainly on the work of Margarita Estévez-Abe (2005, 2006) it also provides an account of the gendered outcome of the different types of economies and their relationship to welfare systems, questioning the beneficial effects of coordinated market societies and their generous welfare regimes for women's integration in the labor market.

Marsden's micro-economic theory of employment systems (1999), like the VOC approach, assigns no prominent role to the state, viewing firms as the main actors. In contrast to VOC, however, Marsden identifies not only employers, but also employees' agency as crucial for establishing a national model of employment relations. His (controversial) conception of the old 'contract transformation problem' claims that an 'open-ended employment contract' still serves best to provide the flexibility for firms and protection for workers, thus challenging the theoretical debate and empirical evidence about the erosion of the standard employment relationship.

Fligstein's work 'The architecture of markets' (2001), is an economic sociological approach, which not only assigns a constitutive role to the state in the historical emergence of employment systems, but underlines cultural dimensions of stable national models as well. Further, Fligstein's political-cultural approach opens the analysis to understanding historical and intra-national, as well as cross-national variations in employment systems, contrasting ideal-types with real types. Like the VOC approach, there is at least a limited attempt to apply the theory to understanding gender-based inequalities in employment.

We will look at these approaches in order to broaden the range of institutional comparisons, which may have relevance for uncovering and explaining gender-based inequalities in employment systems. We are interested in analytical tools, which help to draw out the differences in how men and women are integrated into employment, and which are more likely to

capture how changes in gender relations and in employment relations are re-shaping gender- and class-based inequality and the chances for women to be more fully integrated into the knowledge-based service economy.

We use the term knowledge-based service economy to refer to new sectors, new occupations and new employment contracts often linked to the dissemination of new technologies, a set of economic activities usually identified with the knowledge economy (Shire 2007), but find the term useful for two further reasons. At the sector level, new economic activities also encompass employment in old service industries, like cleaning and sales, education, health and social work, which are knowledge-intensive to different degrees. We see this heterogeneity of high and low end, old and new jobs and the variety of regulations implied as a central feature of the current state of labor markets in advanced economies. Second, since these types of employment dominate in quantitative terms of employment and because their regulatory innovations are impacting on shared understandings about the nature of work and employment, defining the whole economy as service-based seems justified.<sup>1</sup>

Our analysis is based on the assumption that institutions, as defined in historical institutionalism (Hall/Taylor 1996), are central to social stability and integration within national political economies. While not a strength of institutional theory, recent advances have been made in understanding institutional change beyond the confines of adaptation (Ebbinghaus 2005; Thelen 2004). In line with this we draw on an understanding of employment systems as political-cultural constructions, which are historical products of the relations between states, firms, and employees (Fligstein 2001). We do not, however, view these as gender-neutral constructions. Typically employment systems are compared cross-nationally in relation to *skill formation, labor relations and the employment-welfare nexus*. While we follow this general understanding of employment systems in comparison, we also critique ways in which these conceptualizations tend to narrow in on aspects central to industrial production regimes, rather than the economy at large and related policies. The production regime bias toward the core standard worker who tends to be a male breadwinner downplays the implications of the expansion of service sector industries on employment patterns and workforce composition (Gottschall 2001). Our analysis will address the implicit normative and factual preconditions of such conceptualizations, like the equation of wages with the notion of a family wage or the understanding of occupations as life long career paths, and show how these are being challenged by contemporary economic and social changes. We think this critique holds the key for understanding change in comparison, precisely because in most national contexts, institutional arrangements, which have been of less importance to the dominant logic of employment systems, are coming to play a more important role and are challenging these dominant logics.

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<sup>1</sup> The term postindustrialism is more ambiguous in meaning. Authors like Maria Charles (2005) draw on the term in order to define a changed composition of workforce and occupations, but lack the notion of the expansion of knowledge-intensive services, while political economy authors refer to postindustrialism in the more narrow sense of a change in production regimes (Hall/ Soskice 2001).



In the following part we will proceed approach-wise investigating in more detail

- how main dimensions of employment systems and their interrelations in the different approaches are conceptualized,
- why and how gender is relevant to the analysis
- and we will begin to confront the implicit and explicit assumptions about labor market characteristics related to gender equality and the transition to a knowledge-based service economy.

A final chapter will address the outcome of this investigation in comparative perspective.

## **2 Employment regime approaches revisited in the light of change**

### **2.1 Skill formation, labor relations and the employment-welfare nexus in the varieties of capitalism approach**

The VOC approach, pioneered by Peter Hall and David Soskice (2001), is an attempt to develop a political economic analytical framework for understanding how national economies address the recent challenges of globalization and rapid technological change. Based on the assumption that globalization and postindustrialism are accompanied by the dwindling power of the state, the authors focus on the behavior of firms and coordination mechanisms between economic actors 'below' the state and beyond politics. The approach thus differs from earlier work in political economy including industrial relations research, comparative welfare research or feminist studies, which had given greater primacy to the state and, as far as economic coordination is concerned, to employees as well as employers as collective actors. While the approach favors a micro-economic view where institutions are understood in game-theoretic terms as formal or informal rules that actors generally follow, it also opens up a meso-perspective by focusing on the more formal institutional framework in which firms operate in order to solve problems. Thus, the education and training system, labor market regulation, the institutions of technology transfer and the corporate governance system are seen as key meso-level institutions, because they define the environment for firms' behavior in the context of specific national economies. Special emphasis is given to the degrees of coordination between these institutions and mechanisms of institutional complementarity, that is, to the relationship between different elements of the institutional framework.

Following this view, within advanced economies two main types of institutional frameworks and corresponding groups of economies are distinguished: In the primarily Anglo-Saxon liberal market economies (LMEs) the institutional framework consists of an educational and training system emphasizing general competencies and skills, a deregulated labor market privileging unilateral management control of business, a corporate governance system geared to short-term profitability and a competitive market in technology transfer. Coordinated market economies (CME's) represented by Northern and Continental European

countries, on the other hand, dispose of an education and training system developing specific skills, of effective systems of industrial relations with coordinated wage bargaining and employee representation in companies, more long-term capital investment strategies and a strongly networked technology transfer (Soskice 2005).

Undoubtedly, the VOC approach provides promising tools with respect to analyzing change in employment systems as well as gender effects. To start with the change aspect: VOC scholars emphasize that LMEs and CMEs have been affected differently by postindustrialization. In this view, the deregulated institutional framework of LMEs is the result of the break-up of the Fordist industrial relations system with its limited training, predominantly semi-skilled workforce and conflictual unions; a framework which lost competitiveness in the context of a global economy demanding higher skilled workforces. CMEs also came under adaption pressures to increase the flexibility of their institutions, but since they had never adopted Fordism to the same extent and already had effective training systems and cooperative unions in place they were better able to resist deregulation (Soskice 2005: 174). Thus, this argument, lending support to the path dependency thesis, identifies different comparative advantages for both types of economies, with the system for skill production and the system of wage bargaining as the most important causal institutional features. This line of argument is convincing in as much as it uncovers how different institutions relevant to economic actors complement each other and thus may or may not generate flexibility under changing circumstances. However, as different authors have argued, the typology might be too broad to capture relevant differences within the two country groups: France or Japan as cases falling between LMEs and CMEs with respect to wage bargaining and training systems are examples here (Ebbinghaus 2005, 2006; Kroos 2006). Moreover, with respect to CMEs like Germany, the question arises as to what extent coordinated wage bargaining and the specific skill system generating comparative advantages, are still in place. Non-standard employment, now with a share of more than 20% of the workforce, has become the expanding sector of overall employment (Keller/Seifert 2006), while the dual vocational training system as the core institution of the specific skill regime is dramatically losing ground, especially in regard to the training and placement of the younger workforce. We will come back to this critical issue of addressing change in the context of gender, non-standard employment and education.

### *The gendered effects of skill formation*

Although, as Soskice states, the VOC approach did not develop as an attempt to explain cross-national differences in gender relations, scholars like Margarita Estévez-Abe and Torben Iversen demonstrated that VOC can help to shed light on the development of some important cross-country differences in women's position in the employment system (Estévez-Abe et al. 2001; Iversen 2005). Their work is to be credited with broadening the explanatory scope of the VOC approach by differentiating the all-encompassing category of CMEs to include the complicated mixed cases of France and Spain on the one hand, while uncovering differences between continental and Scandinavian CMEs on the other hand.

These authors also relate the VOC comparative typology to welfare state regime and gender research. Focusing on gendered consequences in the form of horizontal and vertical sex segregation of employment systems in both types of economies, Estévez-Abe argues, broadly speaking, that CMEs are generally more gender-biased than LMEs. And this gender bias does not disappear even when a Scandinavian subgroup of CMEs provides generous social policies for working mothers (Estévez-Abe 2005, 2006).

Central to her line of argument is the development of certain job patterns, initially arising from the mutual reinforcing behavior of both employers and workers. Drawing on the micro-economic rational actor notion Estévez-Abe argues that specific skill systems (relying mostly on firm or industry apprenticeships) are disadvantageous to women, because women are more likely than men to interrupt their career to bring up children or to follow their husbands' careers and thus face greater risks of loss to skill investments. At the same time, employers are less likely to hire women and make specific skill investments in their human capital. In economies however, where job entry and promotion to higher occupational categories are based on general skill systems, like school-based vocational training and tertiary education exams, women can be expected to have a better chance of gender parity. The results of Estévez-Abe's encompassing and differentiated empirical analysis based on cross-section analysis of up to 18 OECD countries (including most West European Countries, Australia, New Zealand, US and Japan) established that countries with institutions facilitating specific skill investment – such as vocationally-oriented education systems and strong employment protections – are more likely to produce gender gaps in skill investments. These gender gaps in skills in turn, exacerbate occupational segregation by sex. The same countries possess more male dominated private sectors, where women are underrepresented in manufacturing as well as in managerial positions. In some countries, like Scandinavia, a large-scale public sector absorbs a high proportion of the female workforce, but at the same time increases horizontal and vertical sex segregation. Thus Estévez-Abe concludes that countries with general skill regimes like the US are more gender neutral, as evidenced by the greater likelihood of women to advance to managerial positions. She also suggests that generous leave policies are not able to counter-act the gender bias of labor market institutions, since they tend to provide an exit from employment.

The latter argument linking occupational inequality of women to specific welfare state provisions aiming at a reconciliation of paid work and family duties is well supported by recent large-scale cross-country comparisons (see Mandel/Semyonov 2006 for a 22 countries analysis including among others leave policies and regulations mandating reduced working hours) as well as country studies (see for example Gottschall/Bird 2003 on the cohort effects of varying German leave policies).

The main argument however, that differences in skill regimes contribute to variations in degrees of occupational segregation by sex as they change the relative costs and benefits associated with specific educational investments and recruitment practices is more controversial. Maria Charles, in a re-assessment of her former comparative research based on macro data comparable to Estévez-Abe's data set, argues that in the first place, cross-

national *similarities* in occupational gender distribution are more relevant than differences. Furthermore, she states that rather than differences in skill systems, different levels of post-industrial restructuring – that is service sector expansion and economic rationalization – can predict varying levels and patterns of occupational sex segregation (Charles 2005). She draws a line between less postindustrial countries like Italy, Spain and Japan and more pronounced postindustrial economies, encompassing Anglo-Saxon as well continental European countries, the latter characterized by high shares of personal services open for cultural notions of femininity and accommodated to domestic responsibilities by part-time work and reduced penalties for discontinuous employment careers. This ‘pink collar ghetto’ contributes to a more pronounced sex segregation compared to countries with a smaller service sector. Within the postindustrial service economies the skill system difference accounts for only slightly less pronounced vertical sex segregation, i.e. for a higher representation of women in managerial positions in the general skill system countries. This lends support to Estévez-Abe’s finding that career prospects for highly educated women are more favorable in liberal market societies (Charles 2005: 307).

Yet Charles challenges the causal link between the nature of skill systems and degrees of sex segregation on the basis of feminist insights into skill as a social construction and on the empirical grounds that it is the expansion of service industries which shapes patterns of employment disadvantageous to women. In our analysis this issue will be re-addressed in a specific way. Rather than dismissing the relevance of the skill system types, we differentiate between the micro-level rational choice analytical perspective of the VOC approach from an in-depth institutional analysis of skill system development, taking Germany as the model CME type, and leaving aside a macro-economic cross-country comparison. As we will see the broad-stroke contrast between ‘specific’ versus ‘general’ skill systems deployed by VOC, *fails to detect variations of vocational training within countries that have strong gender effects and impact on the dynamics of change*.

VOC, as well as a myriad of industrial relations research authors in the last decades, refer to the education and training system of CMEs, and especially of Germany, as characterized by a firm- and industry-based vocational training system that produces specific skills meeting the demands of and being reinforced by a high-quality-products production regime.<sup>2</sup> This perspective however, is too narrow both for capturing the overall vocational training structure as well as the impact of change triggered by the knowledge economy.

To start with a *remapping of the German vocational training landscape*: The backbone of this system introduced at the end of the 19<sup>th</sup> century is indeed an apprenticeship type of training which combines training at the workplace (3-4 days a week) with attendance of a

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2 So for example Thelen summarizes: “Germany’s vocational training system has been held up as an exemplary solution to a number of knotty coordination problems that plague most private sector training regimes. (...), vocational training institutions are typically seen as part of a larger institutional package which, along with centralized collective bargaining, strong bank-industry links, and encompassing employer associations and labor unions, are seen as underpinning the countries’ high skill, high wage, high value-added (‘high everything’) economy.” (Thelen 2004: 6)

vocational school where broader theoretical understanding of occupational activities is achieved (Blossfeld/Stockmann 1999), the so-called *dual training system*. Modes of training, examination, and certification since the late sixties of the last century are secured in law (Berufsbildungsgesetz, introduced 1969) and determined by employer organizations, unions and state institutions. This standardization of occupational titles serves as a source of flexibility between firms and within the same occupation, but is less favorable for flexibility between occupations.

The overall training system however, from the very beginning, was completed by a second tier consisting of *vocational schools*. These schools exist for a variety of semi-professions in the field of health occupations, child care and technical assistant occupations as well as for clerical and administrative training. Entrance requirements for this type of training are either as high as for the dual training (lower secondary school) or often even higher reaching out to middle school certificates or university entrance qualification; and the duration of this type of training meets the two or three year standard of apprenticeships. Certificates for this training, however, depart from the apprenticeship system, as they are not standardized but differ at state level (since the governance of education is a distinct right of states not the federal government in Germany). Additional institutional variations have to be taken into account:

- Those attending vocational school-based training are students and often have to pay fees; this is in contrast to the apprenticeship status which includes incorporation in the collective bargaining regulations (Krüger 1995).
- The lack of standardization of qualification also implies difficulties for the transition to first employment, whereas apprenticeship graduates usually enjoy smoother transitions as they are often retained by their training firm after graduation.
- Moreover, the certificates of school-based vocational training do not serve as a career ticket since they lack a complementary organization of career ladders in the respective service sector occupations. While the apprenticeship system, geared to industry and manufacturing occupations (meanwhile also including clerical and sales occupations), provides a family wage and is closely linked to firms' career ladders, the school-based semi-professions in Germany are strongly separated from the respective real professions and managerial positions as can be seen from the pairing of nurse-doctor or secretary-manager.
- Additionally service-sector jobs based on school-based vocational training often do not provide a living income or at least do not pay off educational investments to the same degree as apprenticeships do, since union representation and collective bargaining in the respective service sector industries such as retail or small-size private businesses is weaker than it used to be in manufacturing.

From the very beginning both systems were gender-biased, the apprenticeship preparing young males for a life-long breadwinner position in industry and the school training providing young women with the skills needed to become a housewife and mother, or, if unmarried, to be able to earn a living with a 'decent' female occupation, decent referring not only

to specific activities but also to an inferior status deemed as natural for women. These norms about 'decent work' and a 'just division of labor' between men and women both within the labor market as well as between paid and unpaid work have been shared by all actors involved in developing this system, from unions to employers to the state and the (bourgeois) women's movement. They were, and still are, supported by the architecture of the general education system with a half-day schooling and the lack of comprehensive childcare, the wage bargaining system, labor market and social policy as well as the tax system, all modeled on a breadwinner/housewife family norm (Gottschall 2004; Gottschall/Dingeldey 2000; Dingeldey 2001). The tight interrelation of employment and education highlighted here might be understood with Fligstein's political-cultural theory of the emergence and reproduction of employment systems. He emphasizes the formative role of dominant industries for the construction of educational institutions and assigns the link between education and employment in cognitive frameworks which enable individuals to locate themselves within the resulting structure of work and careers (Fligstein 2001, see part 2.3).

Lessons to be learnt from this institutional structure so far are that labor market segmentation by sex in a CME like Germany can be well explained by the gender bias already *inherent to the vocational training system*. Thus differences between men and women do not occur with respect to general participation levels in training, but with respect to the type of training. Moreover, the gender skill gap can be identified rather on the horizontal level, that is, by difference in occupations, than by difference in the level of qualification. What is difficult to trace, both from the micro-perspective of individual behavior, as well as well as from cross-sectional macro data, is how the horizontal segmentation in vocational training systems translates into vertical segmentation in the employment system. A crucial role can be attributed to the continuity patterns of careers and here obviously the difference in types of vocational training already sets off inequalities in that the apprenticeship type of training, especially in manufacturing, is more likely to have pathways of lifelong work biographies than is the school-based vocational training.<sup>3</sup> There are more institutional complementarities transcending the realm of the labor market at work here and we will come back to these later when referring to the work-welfare nexus.

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<sup>3</sup> If we look at women only, results from a cohort analysis of the life course patterns of 2130 women who completed their vocational training in 1960, 1970 and 1980 in one of the ten most practiced occupations by women in West Germany show the following: Rather than family attributes like the number and age of children or spouse wages it is the occupation trained for and economic parameters of the respective labor market segments which account for differences in continuity and quality of female careers. Women with training in occupations deemed to be 'wide enough for employment to be available after breaks and/or on a part-time basis' (Soskice 2005:175) like retail sales clerk, child minder and hairdresser often did not return to these occupations (but to non-standard jobs in cleaning for example) after child rearing breaks since office times run counter to childcare duties and did not allow for the preferred part-time shifts parallel to the morning opening hours of the German kindergarten, whereas mothers with clerical training (a dual vocational training occupation) had less difficulties to reconcile work and family with more flexible part-time jobs available in industry and services and thus were more often able to follow an occupation-specific career (Krüger 1995:144; Krüger 2003: 40).

Let us now take a closer look at the *participation rates in both types of vocational training* and their development over time in order to address the *impact of the knowledge-based service economy*. In the so-called ‘golden age’ of the Western welfare economies, from the fifties to the seventies of the last century, the apprenticeship type of vocational training dominated in Germany, absorbing more than 85% of all school graduates. It is estimated that more than 80% of all young people entering vocational training joined the dual training system, among them the majority of young males, while the school-based vocational training was a female domain. The overall size of vocational training as well as the relative weight of the dual training however, changed dramatically from the seventies onwards. With the expansion of higher education a higher rate of school graduates opted for university or other further education instead of vocational training, so that nowadays only two thirds of general education graduates enter vocational education.<sup>4</sup>

Within vocational training the school-based system gained importance (with a share of about 30%) due to the expansion of the service sector and a parallel shrinking of manufacturing employment, the latter accompanied over the last decade by a substantial decline in dual vocational training posts offered by employers. This effect is even more pronounced in East Germany where the dual vocational training did not really establish a foothold after reunification (Baethge 2003). These dynamics and the ongoing labor market crisis are reflected in high shares of school graduates and school dropouts who, instead of entering regular vocational education, can be found in different kinds of preparatory training measures that rather serve as ‘dead-end waiting areas’ than as a door opener for vocational training or regular employment (Kohlrausch 2007). In 2004 nearly 40% of the young people seeking to enter vocational training ended up in preparatory measures (488,000), compared to a nearly as large group entering dual vocational training (535,000) and a smaller group (211,000) entering school-based vocational training (Bundesministerium für Bildung und Forschung: Berufsbildungsbericht 2005).<sup>5</sup>

Experts in the research of the German production regime found evidence already in the nineties for a general questioning of the ‘comparative advantages’ of the German economic and social model due to the challenges of the knowledge economy (Kern/Sabel 1994; Streeck 1997). The long-lasting crisis of the dual vocational system can be seen as one important indicator. Even the political incentive measures to expand or at least hold up the level of dual vocational training set up by different governments from the nineties onwards could not prevent the loosening of institutional complementarities traditionally supportive for the German production regime in the face of postindustrialism. Under the pressure of accelerating innovation firms have been resorting to recruitment strategies outside the dual system, not only for the increasing development and research and marketing tasks, but even for positions that in former times were open to secondary education graduates. Especially in

<sup>4</sup> With less than one third of the respective age group entering tertiary education institutions, Germany, however, still has a comparatively low rate of university education participation (Mayer 2003: 588).

<sup>5</sup> This group does not show up in unemployment statistics and thus keeps the German youth unemployment rate comparatively low.

the service sector and in knowledge-intensive manufacturing employers tend to occupy positions with university graduates who are, under current labor market conditions, comparably cheap to employ. This development is also reflected by a growing discrepancy between the relation of employment and vocational training in manufacturing on the one hand and service industries on the other: In 2000 still more than 40% of the new dual vocational training contracts were located in manufacturing, whereas the share of overall employment only amounted to about 30% compared to close to 70% employment share in the service sector, which then held only about 60% of the new dual vocational training contracts (Baethge 2003: 566).

Thus, in the long run, the shift from manufacturing to services disadvantages the dual vocational type of training and strengthens both school vocational training as well as higher education. This development implies remarkable *shifts in the gendering of education and training*. It entails that young males and non-ethnic Germans are more strongly effected than women by the so-called ‘educational poverty’ syndrome, i.e. dropping out of school and failing to enter either training or regular employment (Allmendinger 1999), while at the same time women are overrepresented among high school graduates and university entrants. We know that these gains in higher qualification levels still do not translate adequately into employment positions, although in general an increasing relevance of professionalism at the expense of vocationalism can be expected to open up more opportunities for women (Fligstein 2001). For university graduates skill and job allocation processes obviously play a role as the choice of disciplines is still gender segregated with women being underrepresented in engineering and information technology and overrepresented in humanities and teacher training, the latter leading to less pronounced occupational careers. Drawing on Fligstein, these gender segregations in career lines might be explained by the distribution of political power in the respective fields (see 2.3).

Furthermore, labor market participation and employment patterns have to be taken into account. Here we can assume that male breadwinner related policies still in place induce discontinuous careers or part-time work for parents/ mothers and that employment protection mechanisms are still more favorable for continuous than discontinuous careers. Again, however, we find *intersections of class and gender* that impede generalization. A closer look at *labor market participation of women by family status and qualification* shows high participation rates for women without children. Having small children impacts on the labor market participation of all women, but withdrawal from employment and part-time jobs are more pronounced among low-skilled mothers (OECD 2002a: 66). They are more likely to concentrate in poorly regulated service sector segments and informalized labor markets like retail, restaurant and hotel trade, child and elderly care, cleaning and housekeeping.

These findings indicate that change in gender relations also takes on the form of a stronger class effect among women. At the same time comparative studies on the effects of new forms of employment like solo-self-employment and fixed-term and part-time work indicate that Germany, and perhaps CMEs in comparison to LMEs like the UK, still seem to provide stronger employment protections and securities, from which women also profit (Kim/Kurz



2001; Gottschall/Kroos 2007). The conclusion we draw from this analysis of the German case suggests a relativization of the VOC assumption that LMEs are more favorable for women, in the sense that this claim, while applying to highly educated women, does not seem to apply to low skilled women. In the latter case the greater class inequality of LMEs constitutes disadvantages for low skilled women which are less pronounced in CMEs due to their more narrow income distributions and the extension of standard employment protections to at least some types of atypical work such as part-time employment of more than 15 hours (Soskice 2005: 175).

### *The employment-welfare nexus*

So far we have argued for differentiating within national training systems in order to capture the gendering effects built into institutions like vocational training, and for more scrutiny in empirical analysis to changes in the integration of women in the labor market, especially with respect to class differences.

We will now turn to a further dimension of employment systems, that is, the work-welfare nexus. Here again the idea of institutional complementarities proves fruitful. Originally applied to complementarities between close institutions such as the vocational training system and recruitment strategies this notion can also refer to complementarities across as well as within institutional regimes (Estévez-Abe 2005; Ebbinghaus/Manow 2001). As Estévez-Abe and others argue there is an interrelation between production and welfare regimes in that LMEs are coupled with a liberal welfare regime and CMEs with either a corporatist or social-democratic welfare regime. With respect to gender segmentation in the employment system, the complementarity plays out on the one hand as a less pronounced segmentation in LMEs, due not only to the general skill system, but also supported by a lack of incentives for women and mothers to reduce their labor market participation. The more pronounced gender segmentation in the continental welfare states on the other hand, apart from being related to the disadvantageous specific skill system, can be attributed either to generous leave policies (the German case) or to a large public employment sector dominated by women as is the case in Scandinavia (Estévez-Abe 2006; Soskice 2005).

Estévez-Abe is to be credited with broadening the scope of the VOC approach by identifying subgroups within CMEs, drawing attention to leave policies as a means to regulate employment participation and introducing the public sector as a relevant employment sphere. At the same time these aspects indicate shortcomings of the VOC approach with respect to the conceptualization of the employment-welfare nexus.

This nexus, as seen by the VOC approach, is primarily established as ‘social security linked to employment’. Due to the emphasis in the approach on firms as main economic actors, the employment-welfare nexus comes into focus mainly as labor market regulation with respect to wage bargaining. This framework however, is too narrow to capture mechanisms relevant for female labor market integration and change dynamics in labor markets. We illustrate our critique by highlighting the understanding of employment systems and the role of the state.

Employment systems are not only regulated by the systems of skill production and industrial relations but also by labor market regulations offering or hampering alternatives to market shaped employment, for example the social security system or taxes (Schmid 2002: 78). Thus, the extent of *labor market participation of different groups* is socially and politically constructed. As feminist scholarship in comparative welfare research has shown, the extent and the continuity patterns of women's labor force participation in advanced economies are closely connected to policies of decommodification, addressing women as workers, wives or mothers. They span from family to labor market to tax policies and interact with corporatist wage bargaining, in most countries supporting a male breadwinner/female housewife and care-giver norm (Knijn/Ostner 2002; Morgan 2005). Thus with respect to gender, analyzing employment systems has to take into account size and composition of labor supply and relate different labor market participation rates and patterns to the other dimensions of the employment system. Wage bargaining, for example, effects employment patterns not only by the degree of coordination but also with respect to wage levels. Countries still upholding a family wage tend to have lower female labor market participation than economies with median wages that demand two earners for a living income.

Let us now turn to the role of the state. This marks a blind spot in the VOC approach with respect to the state as an employer as well as a major actor shaping employment regulations. Even advanced economies are by no means constituted by firms as actors alone. Although private firms' activities are at the core of advanced market economies – regarding capital investment, labor demand and profit – the *state is also an employer in its own right*, and employment is growing in the non-profit sector. Interestingly, LMEs and CMEs in this respect do not differ as much as one might expect in relation to differences in welfare regimes. For example, in 1999, the US as well as the UK both disposed of higher shares of public sector employment in relation to overall employment (USA 14.6%, UK 12.6%) than Germany (12.3%) or Japan with an extremely low rate (8.3%); less surprisingly the Scandinavian countries stand out with shares of more than 30%, followed by France with 21.1% (OECD 2002b). These figures underline the ongoing significance of public employment for most advanced economies.

As the growing body of research on the role of the state for female labor market participation and occupational segregation shows, the role of the state as employer might well explain high female participation rates in those countries where the public employment share is high. In order to understand not only variations in participation rates but also occupational segregation the *joint role of the state as employer as well as a provider of family services* has to be taken into account: With the provision of family services as public services women are freed from family duties for paid work, but they are also channeled into specific occupations and employers, a process often referred to as 'the family going public' (Hernes 1987; Esping-Andersen 1999; Gornick/Meyers 2003). This process is most pronounced in the social-democratic welfare states and France, where female employment in public services is more often in full-time contracts, compared to the cases of Germany or the UK (Rothenbacher 1999). Nevertheless, the most progressive welfare states show a high occupational segregation by sex and restricted access to higher positions for women. By con-

trast, liberal welfare regimes which neither restrict nor support women's labor market participation offer more parity at least to those women who are able and willing to compete on the basis of full-time and continuous work, as Mandel and Semyonov (2006) show in their recent comprehensive analysis, thus giving support and a broader basis to Estévez-Abe's findings. A conclusion however, that market economies are more women-friendly does not seem justified. Drawing on a sound understanding of gender equality including care obligations and the division of paid and unpaid work rather suggests that different welfare states have different advantages and disadvantages for women. While in liberal economies highly qualified women might be better off with respect to career chances (and means to buy marketized services to accommodate care needs), more generous welfare states are more favorable for less educated women and working mothers in general as they provide more security and higher wages in the employment system as well as time or money for labor market withdrawal. Trade-offs thus are different by regime and intertwined with class differences. In any case however, the gendered division of paid and unpaid work seems to have not altered substantially, which once again points more to continuity and similarity in gender relations across different types of advanced economies.

A last argument to be made here is that the impact of the state in shaping advanced economies is not limited to female employment. While the VOC approach assumes that under conditions of globalization the state is disempowered as player in the economic field, there is evidence that the state just like private actors readjust to changing conditions both in its capacity as an employer in its own right and as *a major actor in shaping employment regulations*. France, with a high share of public employment and a centralist state tradition supported by a culture of elitist education and administration, can serve as an example. As comparative research on non-standard work in France and Germany shows, recent re-regulations of non-standard work in France still seem to be inspired by normative understandings of 'decent work' drawing on the 'fonctionnaire', that is the civil servant employment model. The role of the state as decision maker of last resort and initiator of negotiation between employers and employees is also still called upon. The state thus keeps exerting influence on the private sector even in a more global and supranational environment (Kroos 2007).

To conclude, we can identify strengths and weaknesses of the VOC approach for analyzing employment systems from a gender perspective. Undoubtedly, the approach allows capturing how economies with a different institutional framework adapt to change. With skill production and industrial relations, basic institutions for shaping employment patterns come to the fore. As Estévez-Abe shows with respect to the two types of skill formation, the typology can be used to explain (some) differences in occupational sex segregation, i.e. higher representation of women in management in LMEs. The mechanism of institutional complementarities proves highly fruitful to identify both the different pathways of economies and their comparative advantages. Extended to complementarities across institutional regimes, namely the labor market and the welfare systems, the mechanism helps to give a more comprehensive account on institutional interaction generating differences in female labor market integration.

However, the broad stroke typology of CME and LME needs differentiation in order to capture differences within the heterogeneous group of CMEs. To mitigate this downside it seems useful to bring the state back in to the analysis. As feminist welfare research can demonstrate scrutinizing the role of the state as employer as well as legislator and provider of services is crucial to understand the different ways women are integrated in to the labor market. As neither public employment nor regulatory state activities are vanishing, the changing significance of the state for employment systems still needs systematic research. A restriction of political economy analysis to private firms does not seem appropriate even in light of structural unemployment and the related labor market policies which both create specific conditions of labor supply, which employers take into account in recruitment strategies.

With respect to the skill system differentiation we have argued for a closer look at the category of specific skill systems. The case of the twofold German vocational training system demonstrates how gender is inherent to institutions of skill formation. In interaction with employment system institutions – such as career ladders, wage bargaining – and welfare state regulations different employment patterns are constituted for men and women. We also hold that this institutional perspective allows for a more comprehensive account of the mechanism of sex segregation in the labor market than a micro-level approach assuming rational actors, not least of all in understanding social and political change, since the individual behavior of women or men can also contradict institutional logics. As will be elaborated in part 2.3, Fligstein's theory of employment systems offers a more encompassing and dynamic account on the role of education and the link of training and employment in cross-national comparisons.

Last but not least, the VOC approach, although referring to postindustrialism as a feature of change, tends to preserve a traditional – manufacturing centered – view of employment relations and economic activities, with its focus on private-sector firms rather than the whole economy and on degrees of coordination in wage bargaining, omitting wage levels. A more fundamental understanding of societal changes in advanced economies, taking into account, for example, the expansion of the educational system and changing family forms and gender relations, is downplayed by the VOC focus on private firms. Charles' reply to the VOC approach looks at the expansion of service industries in order to better understand women's labor market, but her emphasis on the 'pink collar ghetto' seems one-sided. The expansion of service industries is a complex and uneven dynamic, creating low end and high skilled jobs, producing supply and demand of a heterogeneous workforce and generating non-standard employment forms. It therefore needs more thorough research especially with respect to institutional aspects of (gendered) skill formation, state regulation of employment relations, complementarities with welfare regimes and class dynamics.

## **2.2 Flexibility and job classification in the micro-theory of employment systems**

‘A Theory of Employment Systems’ by David Marsden is an economic theory of the employment relation, drawing in part on aspects of organizational institutionalism, and aimed at explaining cross-national diversity in employment systems. This economic theory of employment systems identifies constraints on employment contracts, and the rules, which enable employers and employees to overcome them in order to make the employment relationship mutually beneficial. Although rooted in a rational choice and deductive approach, an advantage of this theory is the focus on employees as well as employers as strategic actors in the employment relation. Absent from the theory are the state and collective actors. The author defends this neglect on the grounds that the theory can explain the evolution of and diversity in employment relations solely from a micro-economic perspective. To the extent that the state and collective actors play a role, this is a supportive one, making the employment relation more robust by helping along its diffusion and sanctioning its acceptance. Focusing on the micro-economic origins of the employment relation is also justified on the grounds that the weakening of the labor movement and the “partial withdrawal of the state from regulating employment relations” makes such an approach particularly interesting since it focuses on the employment systems “that would develop when firms and workers are left free to devise their own solutions in a decentralized way”. (6).

The entry to understanding the employment relation is in reference to the flexibility enabled by the “open-ended” employment contract: “it enables management to decide detailed work assignments after workers have been hired” (4). The alternative of a “closed-ended” employment contract, where tasks are specified in great detail, is impractical, given efficiency and enforceability constraints. Historically, the modern employment relation gradually replaced the early industrial alternative of the labor boss contracting system, which with advancement of industrialization, grew less and less efficient for a number of reasons: it necessitated constant contracting, in tight labor markets workers were difficult to discipline and overall firms suffered too much uncertainty about their capacity to access enough and the right kind of labor. Despite the recent expansion of new forms of labor contracting (fixed-term contracts, temporary agency work, various forms of casual and informal labor), Marsden makes the bold claim that “there is no evidence that the open-ended employment relationship is about to lose its preeminence” (4).

Marsden’s comparison of employment systems is based on mechanisms for limiting managerial authority, specifically, employment transaction rules, which both enable (functional) flexibility while protecting workers from unilateral managerial exercise of authority. He demonstrates that the four employment transaction rules deducted from assumptions about work assignment choices align with four societal models of employment systems. Marsden calls on an impressive breadth of the secondary comparative literature on France, the US and UK, Japan and Germany to “prove” his theory and explain national diversity. Marsden’s dimension of ‘enforcement constraints’ serves to delineate the VOC liberal from the VOC coordinated market economies. The efficiency dimension of employment rules makes further useful distinctions between the US/France on the one hand and the UK on the other, and between Germany and Japan. The comparative theory and the country cases, which align with the four types of employment rules are presented in the following recombination

of Tables 2.1 and 5.1 (33 and 118). One of these employment transaction rules is the least flexible of all, and this is the one covering France and the US. Marsden implies that the rules covering the UK and Japan are also relatively less flexible, than those which cover Germany, affording the most functional flexibility in the employment relation.

*Table 1. Contractual Constraints, Employment Rules and National Cases*

	<b>Efficiency Constraints</b>	
	production approach	training approach
<b>Enforceability Constraints</b>		
Direct – task-centered	‘work post’ rule France / US	‘job territory’/‘tools of trade’ rule UK
Indirect – function-/ procedure-centered	‘competence rank’ rule Japan	‘qualification’ rule Germany

Building on the work of Coase and Simon, Marsden argues that every employment contract faces two types of constraints – contracts must be efficient from both the perspective of the employer and employee, i.e. both parties must be enabled to be better off by virtue of the employment relationship, and contracts must be transparent and simple enough to enable their enforcement, thereby limiting employees’ obligations while protecting flexibility for the employer (32). Efficiency and enforceability can only be achieved in one of two ways within an open employment contract, for which the two possible alternatives of constant contracting or detailed work task descriptions are not viable options. At the center of Marsden’s theory is the act of classifying and assigning jobs, and each of the four cells can be understood as a unique way in which job classifications are institutionalized.

The efficiency of an employment relation depends on finding an effective way of aligning job demands with worker competencies. Efficiency constraints can be solved either by defining jobs in relation to a grouping of production tasks (the production approach), or by grouping together sets of competencies (the training approach). The reproduction of Marsden’s enforceability constraint in the above table makes his implied distinction between direct and indirect forms of control more explicit, since this terminology also links with work sociological discussions of work relations. Here Marsden distinguishes between task-centered rules, where transparency of job assignments is achieved by delineating a specific set of tasks, and function-centered rules, where specific procedures strive for transparency in assigning workers to a particular function. Crossing these two constraints on employment relations, four types of employment transaction rules result. The task-centered versus func-

tion-centered solutions to making job groupings transparent aligns with differences between the liberal market versus coordinated economies, but placing France in the least flexible type of employment rule, together with the US. These employment systems depend most heavily on seniority and job tenure for determining wages, and higher-order work tasks such as problem-solving tend to get defined as managerial roles. Germany and Japan have job grouping procedures which create relatively more functional flexibility for employers. The distinction between production-oriented and training-oriented job classifications realign the contrast between strong occupational systems, like the UK and Germany, and weaker ones as found in Japan, the US and France. The combination of a function-centered and training approach rule creates the most flexibility for management in assigning tasks, which do not belong to a skills core competency, making the German employment system more flexible than the trades system in the UK.

Running through all four of the systems is the necessity for some element of on-the-job training, since firms need workers to gain practical experience in their work environments in order to create functional flexibility. Even the strongest occupational labor market (Germany) introduces practical experience in the form of the dual training system. Also running through all four types of employment systems is the “open-ended” nature of the employment system. Indeed, Marsden’s theory begins with the strong claim that contract labor plays no important role in any of these employment systems. The long-term nature of employment is in the interest of both employers and employees, with the former seeking a way to secure available skilled labor under conditions of market uncertainty, and the latter, to securing a continuous income. Finally, the focus of the cases is the production or manufacturing sector, and while there may be some sub-sector differences, the ‘societal’ diffusion of these systems is assumed to originate in production, and to spread in a relatively unproblematic way. Collective agreements are the main supporting institution in all cases, but even in the US and UK where coverage is weak, firms adopt the models through a decentralized process of mimetic change.

Within his chosen framework, Marsden’s theory is a systematic and eloquent account of employment diversity from a rational actor perspective. His insistence on giving employees as well as employers agency in the “choices” about how to resolve constraints on the employment relation to their mutual benefit is an advantage over the tendency of most micro-economic institutional approaches to position the employer (firm) as the only or principle strategic actor. Given the careful focus on aspects of employment so closely tied to work organization, the theory should be well-positioned to capture change in the division of labor, but this does not seem to be the case, in part, because the “choices” are formulated in close association with the production sector and the concept of ‘jobs’. Marsden’s theory fails in any way to take into account what Powell (2001) has called the shift from jobs-to-projects and firms-to-networks, and how the employment relation is in fact situated within a specific industrial division of labor. Thus, Marsden’s theory, though well-rooted in a work organizational perspective, and suggesting a number of bridges to the sociology of work, is formulated in reference to the hey-day of the industrial employment regime and the manufacturing sector. Flexibility is defined throughout as functional flexibility, and the continued

commitment to the long-term protected employment relationship is a strong assumption of the entire theory.

Only at one point is the possibility of gender-based occupational segmentation of work mentioned in the volume, and this in relation to the question of whether the employment rules really dominate in one work context, or whether employers have the option of employing different rules for different sets of workers. Marsden writes “when employers seek to adopt different approaches, they will segment work on occupational or gender lines .....”. In contrast to the VOC approach, Marsden’s ‘A Theory of Employment Systems’ does not attempt to theorize gender-based differences in employment. But then, no aspects of inequalities are considered, in this theory, which pays very little attention to any output other than efficiency, flexibility and protections. In its reassessment of the Jobs Strategy over the past four years, the OECD has found a remarkable stability in dismissals protections in countries where functional flexibility is strongest (e.g. Japan and Germany), but at the same time, steady deregulation of non-standard, especially temporary, employment forms. The result is very little change for prime-age men, i.e. those most likely to be covered by the types of employment rules theorized by Marsden, but a steady increase in labor market dualism, suggesting that employment rules are diversifying widely within societal contexts, with young labor market entrants, the low skilled, but also women generally, disadvantaged. The neglect of the state and refusal to take account of the rise of non-standard employment create blind spots in his theory, which nonetheless at least helps to map the location of men within comparative employment regimes.

The neglect of the state, especially the legal dimensions of employment regulation, create a large blind spot in the theory to understanding how political negotiations and cultural changes are constitutive of employment rules. To the extent that politics plays any role in Marsden’s theory, it is mainly in the form of industrial relations and collective agreements, and then the role is to support the diffusion of rules already established by the choices of employers and employees. Second, the assumption that the open-ended employment relation is unchallenged and widely accepted by employers widens the blind spot well into the realm of employer decisions concerning flexibility – especially the steady and important expansion of *external* flexibility (Keller/Seifert 2006; Dörre 2006) and subcontracting, but also the ways in which internal flexibility is undergoing transformation in relation to the work organizational changes with consequences for the dominant logic of employment contracts.

From a regulatory perspective, outside of the liberal market economies, most of the coordinated economies have been extremely active in the last several years in de- and re-regulating myriad forms of temporary labor contracts. In Germany, which is considered the most flexible employment system in Marsden’s comparison, the Hartz reforms included a fundamental deregulation of temporary agency employment, and further regulatory adjustments to contract work, solo self-employment and low wage marginal part-time employment, the latter of which has expanded greatly since the reforms were passed in 2003 (Baecker 2006). Likewise in Japan, relatively strong restrictions on both limited term con-



tract work and temporary agency employment were loosened considerably in 1999, with the few restrictions remaining subject to further changes since (Imai 2004). The aim of these regulatory drives has been to bring more people in both countries into the employment relation, but by making the employment relation considerably less “open-ended” than assumed in Marsden’s theory. Marsden’s claim that a micro-theory is justified by the “partial withdrawal of the state” (4) from employment regulation cannot be sustained by the evidence on the increasing involvement of national states and supra-national polities in the re-regulation and re-negotiation of employment protections.

Marsden rests his case for ignoring the role of the state in constituting employment systems by arguing that laws are only effective if they are enforced. Further, he argues that the state is not exogenous to the “choices” of employers and employees. This latter point could be turned against Marsden’s argument to ignore states, by emphasizing the negotiated character of all employment systems, as does Fligstein in his political-cultural theory of employment relations. Precisely because it is not exogenous, it should be included in any model of comparative employment systems. In fact, it could be argued that the role of states in shaping employment rules, especially changes in employment contract rules, now involves a number of other polities and actors, especially at the supra-national level, such as the European Union ‘soft law’ employment strategy, or the role of the OECD’s “expert policy analysis” Jobs Strategy (Sykes/Levesque 2004). The role of the OECD is especially instructive, since the Jobs Strategy recommendations to loosen employment protections and expand temporary employment are closely aligned with a liberal labor market policy direction, aimed at eroding the “open-ended”, long-term, protected employment relations, which Marsden assumes are well accepted by employers as well as employees.

As in our critique of the VOC approach, in relation to Marsden’s work, bringing the state back into the analysis is central to understanding gendered dynamics in comparative labor markets and their change dynamics. In relation to Marsden’s emphasis on rule-based jobs classification, from a gender perspective, the state’s involvement in rule-making deserves particular attention. Here the reference is to equal employment regulations (Walby 1999), and how they intervene upon decisions central to the classification of jobs and the allocation of workers to jobs. Here again, not just national states, but in some cases, more importantly, supra-national polities are playing a leading role in the conclusion of treaties (e.g. the UN Cedaw) and enforcement (e.g. the European Court of Justice rulings and their impact on improving women’s equal opportunities in the UK and Germany, where Marsden’s “training-orientation” prevails). In the realm of general employment rules, the EU equal treatment clause for part-time workers is a clear case where new regulations are seeking to integrate non-standard work into the open-ended employment relation. Back to Marsden’s typology and our arguments above about the regulatory role of the state in generating differences in employment systems and shaping their change, France, which Marsden grouped together with the US as a ‘work post’ rule employment system, is strongly reliant on the state as an actor in employment relations (Kroos 2007), where the US is less so.

A countervailing tendency to the new regulation of equal opportunities and part-time work is the ongoing deregulation of temporary work forms, some of which, e.g. contract work, are predominantly male forms of employment. In Germany, various forms of temporary contracting comprise about 10% of all employment at present. All forms of non-standard employment now make up about 23% of all employment (Keller/Seifert 2006). Japan is another case of relatively strong functional flexibility in Marsden's model, but here too the departure from 'regular' employment is steady and dramatic. Again, these changes have not affected prime-age men, but they are shaping the employment opportunities of youth and women. Various forms of temporary contracts in Japan comprise about 14% of total dependent employment, and all forms of non-standard contracts cover 30% of employees (Imai 2004). The predominance of the "open-ended" employment relation is being challenged, even in those economies where it is considered to have provided employers with greater freedom for flexibly assigning tasks to workers. Marsden's claim of "no evidence that the open-ended employment relationship is about to lose its preeminence" can be confirmed for prime-age men, but not for women, youth or low skilled workers generally. In summary, by focussing on both the 'open-ended' employment relation and firms as actors, the latter being a point shared with the VOC approach, Marsden's rule-based approach cannot explain cross-national differences in the labor market integration of women, nor the ways in which employment relations are changing in light of new demands for flexibility.

### **2.3 The political-cultural theory of employment systems**

Fligstein's (2001) sociology of markets is both a general theory of the social construction of economic order and a specific theory about the emergence and nature of employment systems. By conceptualizing markets as social spaces or fields of multiple sets of collective actors who try to produce a system of dominance, Fligstein conceptualizes markets, in general, and employment systems, in particular, as historical and political "institutional projects". The cultural dimension of market-making is in relation to achieving and reproducing domination, which requires the production of a local culture, defining social actors, providing interpretive frameworks enabling actors to understand the actions of others, and thus rendering stability to social relations within a field of action. Differences in both power and interests persist however – those who benefit most within a particular field are the incumbents, while those who benefit least are challengers – lending the theory a dynamic element. To the extent, that challengers are integrated in a manner they can interpret as meaningful, the system of dominance has a chance to reproduce itself, i.e. to be stable. The possibility for change lies both in political and cultural dimensions of markets. Unlike in most models of economic action, actors within market fields are not rational in the sense of trying to maximize profits; instead their action is motivated by "effectiveness", i.e. survival. This compels firms, for example, to cooperate with each other, to their mutual benefit (i.e. survival) within a market field. It may also underlie the dissemination of practices, even where these are not the most efficient, if they can guarantee survival.

While Fligstein, like the other theories covered here, develops a typology of national employment systems in his theory, he leaves the concept of markets open to being constituted by multiple fields, and this multiplicity is one factor in theorizing both the effects of market orders on social stratification and on cross-national diversity. Intra-national diversity is likely where one set of collective actors manages to gain dominance over employment in a new field of economic activity, or where exogenous factors (especially crises, but also new political forces) in a specific conjunctural moment, advantage challengers over incumbents within an otherwise, societal, system of employment. Cross-national diversity is based on different power positions played by states, employers and firms, the timing of market-building as well as the specific historical conditions under which fields are constituted, and how these structure work, employment and educational institutions. Fligstein clearly argues, that “there is not a single set of social and political institutions that produces the most efficient allocation of societal resources” (23), a point shared by all three approaches reviewed in this paper, but one which Fligstein holds open for intra- as well as inter-national diversity.

In contrast to both the VOC approach and Marsden’s theory of employment systems discussed above, Fligstein is the only author to emphasize the overwhelming importance of the state for a general comparative theory of employment, and in relation to historical changes in the emergence, reproduction and transformation of markets. At the outset he states: “One cannot overestimate the importance of governments to modern markets” (3), arguing that neither markets (19) nor firms (23) could exist, nor become stable, without rules and other interventions of states. Regulations, he argues, are constitutive of markets, a view in contrast to most economic understandings of regulations, which see these as interfering with market processes in the worst case, or adding incentives in the best case. Moreover, employment systems are not the outcome of micro-level ‘rational’ or ‘rule-making’ activities, but rather result from political conflicts and negotiations between workers, government officials and capitalists. Cross-national diversity in employment systems is explained by Fligstein in relation to which set of collective actors gain dominance over an historically important field of employment (in the past, manufacturing, in the present, knowledge-intensive service work, for example). Thus states are both constituting and contained within, employment systems.

Fligstein defines employment institutions as “rules governing the relations between groups of workers and employers that concern the general logic of how ‘careers’ are defined and how groups organize to maintain these conceptions” (101). These rules and the logic of the employment system emerge out of historical processes, beginning with the origins of industrialization, where the most dynamic industries in their attempt to establish stable employment relations, play a formative role. When actors reach a political understanding about the structure of employment relations, these understandings become the basis for the formation of educational institutions, which come to be organized around the logic of employment. These political understandings also become part of “a set of cultural principles that function as a template or worldview that helps actors make sense of labor markets and careers” (102).

Thus, two highlights of Fligstein's theory of employment systems are his emphasis on the importance of educational institutions, and locating the link and stability between education and employment in cognitive frameworks which enable individuals to understand the logic and locate themselves within the resulting structure of work and careers. The outcome of conflicts between the state, employers and workers in establishing dominance and shared understandings about employment relations shapes and structures the educational system. The educational system, in turn, plays a role in reproducing and diffusing a particular set of labor market institutions. Educational elites tend to develop an interest in a particular system, and even new areas of economic activity where established practices might be challenged, depend on graduates of educational institutions to enter their emerging labor markets. Though Fligstein does not say so, we can also assume that educational institutions play a role in transmitting the cultural understandings which underlie the structure of labor markets and employment.

Fligstein's theory of comparative employment systems is based on an ideal-typology of three employment logics: *managerialism*, *professionalism* and *vocationalism*. The main axis along which these types vary is the structure of dominance between states, firms and labor. Under managerialism, firms have managed to realize their claim to controlling the employment relationship, careers become focused on one organization and educational institutions tend to be in the form of general schooling. States play a role in constituting property rights, but do not intervene strongly in the managerial prerogative over employment and careers. Unions in such employment systems tend to be company-based, playing a role in co-managing firm-internal labor markets. The closest real case to the managerial ideal is the Japanese employment system, though Fligstein sees strong employment protections in Japan as a concession to labor, which at a critical historical juncture, was able to exert its control over the supply of skilled labor.

Professionalism is the second ideal-type of employment system, where labor in the form of professional groups, is able to gain control over the licensing and supply of professional competencies, to successfully challenge the claim of firms to control employment relations. Typically, professionalism relies on universities or other forms of post-secondary, especially post-graduate, professional programs, to train and certify personnel, and some element of state or associational licensing to delineate and enforce boundaries between professions (Abbott 1988). Careers are centered on professional communities, not firms or occupations, and the association with a profession is the basis for forming a life-long social identity and location. In advanced economies, managerialism and professionalism are the dominant forms of employment system, and it is very common for professionalism to dominate in very specific fields of employment, even within societal systems dominated by alternative logics. Thus, it is common for professionalism to be part of "mixed" systems of employment, with the US case of managerial-professionalism as a prototypical case. The "mixture" in the US is both sector-based and historical. The US employment system was initially established as a managerial system, dominated by firms, able to suppress challenges by labor, but with "compromises" in the direction of vocationalism (with the help of the Wagner Act) in select sectors of manufacturing (e.g. autos and steel). Only after WWII, with the

introduction of G.I.-Bill<sup>6</sup> and the subsequent expansion of college education, could a market for professional labor in specific sectors of the US economy be established. In the US case, professional associations, with state and university support, have evolved as major actors within the societal system of employment. France is an alternative real case of “state professionalism” whereby the state rather than independent associations, has played a constitutive role in structuring labor markets. In France, neither employees nor firms were able to dominate industrial relations, so that strong state intervention in the economy and eventually the ability of the state to gain control over credentials through elite institutions, established an educational system, which trained managers and professionals both for state service as well as industry. It is worthy of note, for quite opposite reasons, and in contrast to the VOC approach, both Marsden and Fligstein tend to group the US and French employment systems together in their comparative typologies.

The third ideal-type is vocationalism, where worker power is strongest, tending to be based in industrial unionism, and whereby careers are structured in relation to occupational communities, which may traverse firms, but generally not industries. Education is structured into functionally/technically differentiated vocational streams, whereby labor is able to carefully control the production of skills and the supply of skilled labor. The German employment system is the purest case, though this system also had its origins in an initially dominant coalition between the Bismarckian state and large private industry. While the state was able to impose important status distinctions between blue-collar and white-collar workers and civil servants, which worked against the establishment of worker unity, the dominance of workers became especially enforced through cultural understandings about economic democracy, the successful struggle for a works constitution and laws governing co-determination rights within firms (Shire 1990), and in the ability of unions to establish participation rights in the governance of the vocational education system (Streeck et al. 1987).

In all of these ideal and real types, states rarely dominate (France is an exception), yet in all cases, “states had to be involved in the ratification, if not the creation, of stable employment relations” (109). In Fligstein’s view, employment as a policy domain deserves special attention, both in nationally specific analyses of employment systems, and in international comparison. Unlike Marsden, but similar to the VOC approach, Fligstein does enter into a specific discussion about gender-based differences in employment relations, which raises both the role of the state and organized labor in ways relevant to furthering an understanding of employment change in light of gender transformations. In fact, Fligstein includes an analysis of gender-based occupational segmentation as an example for how the political-cultural approach can conceptualize stratification effects of employment systems, and to gain insights into sources of contemporary employment changes. The implication is that changing gender relations, both in political and cultural terms, are shaping employment change.

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<sup>6</sup> The G.I. Bill, also known as the Servicemen’s Readjustment Act, was passed in 1944 and provided a wide-range of welfare benefits to U.S. soldiers returning from active duty in World War II. Alongside unemployment compensation and housing loans, the bill provided for the payment of college tuitions and vocational training of ‘GIs’, or returning soldiers.

Fligstein begins with the well-known puzzle. Women continue to be segmented into a small number of occupations, yet most recently, women have been able to enter some (not all) professions (e.g. law, medicine, but also management). Fligstein attempts to explain the unevenness in the persistence of gender-based occupational segmentation with recourse to both the political and cultural elements of his theory, and the decisive role of the state in tipping the balance toward challengers within fields of dominance. Drawing on the political dimension of his model, he argues that men are the incumbents of national employment systems, and they draw on resources like educational systems, in order to protect their privilege and prevent women from entering. Where women enter nonetheless, they can often expect to suffer harassment from men. Especially under vocationalism, where men control entry into training, and managerialism, which is an inherently decentralized system, making it somewhat impermeable to state intervention, men are better positioned politically to protect their privilege, even where workers do not dominate (e.g. under managerialism). This argument shifts the locus of explaining occupational segmentation away from the axis of general- versus firm-based training in the work of Estévez-Abe (see above), or the emergence of a female-dominated service sector as in Charles' work, to an argument about political power and the resources of (women) *challengers* and their agency in changing employment relations.

But Fligstein's theory is also rooted in the link between educational and employment institutions, and points to the existence of multiple logics within one national context, making his theory amenable to the sort of careful institutional deconstruction demonstrated above in reference to the German vocational education system. Fligstein's analysis opens up a perspective for understanding the extent to which women are able to gain a foothold in professional education, but also to gain political power and legal resources against discrimination (basically to mobilize state regulative power on their behalf). If they can do so (as in most advanced economies today) they will be more likely to gain a foothold in at least those sectors of employment with more "open" educational links, and which are more easily shaped by centralized political regulation (either state or associational), i.e. the knowledge-intensive sectors of the economy. At the same time however, as in the US, women who do not gain access to higher education can be expected to experience more segregation and its effects on inequality.

The political-cultural approach implies that it is the changing resources such as education, political and legal activism, and taking positions of power and authority that have given women more opportunities in some of the occupations in American societies. The converse is true as well. Women were less likely to make advances in fields where authority for credentialing were decentralized (allowing men and employers to keep women out), where the use of law was made difficult because firms were small and less likely to embrace equal opportunity laws, and where obtaining credentials was difficult or impossible. (Fligstein 2001: 119)

Fligstein views the women's movement, especially among educated women, and the strategic use of equal opportunities regulations as having played an important role in shifting the balance of power away from labor market incumbents, at least in those sectors of employment governed by the logic of professionalism. In this respect, the lack of an equal employment law covering the German private sector, despite the recent strengthening of the role of firm-based works councils over the governing of equal opportunities from within the vocationalist system, would place the German women's movement at a decisive disadvantage, despite a comparatively high number of women in the German political system and the establishment of public gender machineries. Similarly in the Japanese case, the weak enforcement resources in the Japanese equal employment law also disadvantage women in this country to oppose labor market incumbents. While not a gender theory of employment, the emphasis on the political aspects of employment systems, and the decisive role of the state in creating rules and providing power resources, renders Fligstein's theory particularly useful for understanding cross-national differences in gendered employment patterns rooted in state regulations and political power.

One particularly market-centered pocket of change, according to Fligstein, is found in the domain of new knowledge-intensive activities, for example, ICT services, where "one expects professional models of employment relations to dominate" (119). Here, the extent to which such new economic activities are governed by the logic of vocationalism or managerialism versus professionalism, may help to explain differences in women's entries into these fields cross-nationally. Women tend to comprise a higher proportion of employment in knowledge-based sectors of the US economy, in comparison to the Japanese and German economies for example (Shire 2007). The four new ICT vocational streams established in Germany have proven to be just as male dominated as the dual vocational system in general with men holding more than 80% of all traineeships, and with the already low proportions of women declining steadily since the introduction of the new streams in 1997 (Statistisches Bundesamt 1997 – 2004, reported in Kompetenzzentrum 2006). While vocationalism continues to provide resources mainly to men, Fligstein locates the potential for a transformation in German employment institutions in the shifts from manufacturing to services, which will likely disadvantage the (dual-) vocational education stream, while strengthening the role of higher education in Germany. Likewise, the system of strong employment protections in Japan, at the core of male advantages over women in employment, is unable to supply enough skilled labor in the context of rapid technological changes. Employment regulatory reform has played a stronger role in Japan, creating a market for skilled temporary labor (Imai/Shire 2006), but in ways which reproduce rather than challenge stronger male benefits in Japanese employment (Shire 2007). In the Japanese case, the preservation of employment protections coupled with the deregulation and expansion of temporary employment is deepening the gender-based segmentation of employment, with women increasingly forced to take up less secure, non-standard forms of employment (Shire 2006).

### **3 Gendered employment in comparison**

The three approaches to comparing employment systems identify different sets of key agents, and focus on specific sub-sets of institutions and relations in their understandings of how employment systems emerge, gain stability and change, with different takes on the axes of international comparisons and typologies of employment systems. The approaches differ in the *assignment of agency* to firms (VOC), as well as employees (Marsden 1999) and most significantly the state (Fligstein 2001). While the state (and politics) is implied in the political economic and institutional economic approaches, the state in these theories is relevant as a context factor (VOC) or supportive institution. Only the theory of Fligstein places the state in a constitutive role, both as an actor in employment relations and in relation to how policy and politics actively change employment relations. In line with the assignment of agency, the theories have different takes on the origins and likelihood of change in employment systems. Firms, in the VOC approach, as the primary strategic actors, are also the source of change. The theory of Marsden is weakest in theorizing change at all, in part because of the overwhelming bias toward theorizing employment relations from the perspective of the manufacturing sector of employment. The global weakening of labor movements may justify such a focus on firms and managerial unilateralism, but from a gender perspective, the women's movement as well as the labor movement or professional organizations are relevant contemporary agents of social change, including employment change. Of the three leading theories of comparative employment systems reviewed here, only Fligstein's theory assigns an agency role to the state, and is thus able to accommodate a range of feminist analysis of the sources of employment change related to the state as employer, as regulator and as actor in negotiating norms and shared understandings.

From a gender perspective, the *role of the state* in constituting and regulating employment relations is important because the state is itself an employer, and the extent to which it is, seems to have an impact on higher participation rates of women in employment. Second, in understanding some of the integral connections between employment and social welfare, the state must also be seen as a legislator and sponsor of a range of social and care services, with an impact on the division of paid and unpaid labor, and the construction of women as individuals, wives and/or mothers. In this respect, other aspects of state activity (tax laws for example) create strong incentive/disincentive for women's employment, which help also to sort out comparative differences in the extent and quality of women's employment. Third, both national states and supra-national polities have played an important role in legislating new and ever stronger regulations supporting women's employment: equal opportunity laws, parental leave laws aimed at intervening in the social division of care work, working time laws, and equal treatment for non-standard forms of work. Both the range of new gender equality regulations and the legislation of non-standard employment forms are a key domain of comparative research, which may open a deeper understanding for how greater numbers of women are being integrated into the knowledge-based economy cross-nationally. More generally, 'bringing the state in' to the analysis of labor markets helps to move away from the de-facto managerial unilateralism of the 'firm as actor' emphasis in political economy and institutional economic approaches, and the bias toward viewing the private sector economy as the source of dynamic social change. Bringing the state into fo-



cus in understanding comparisons and changes of employment systems from a gender perspective may also help to bridge the feminist analysis of employment with feminist analysis of gender and politics. Comparing the trajectories of integrating women into employment in Germany and Japan for example, may have more to do with how women have gained more political participation and influence in Germany compared to Japan.

The comparison of the three approaches also points to the important *role of educational institutions* in constituting and changing employment systems. As our critique of the VOC approach in reference to how it ignores the school-based vocational system in Germany has shown, educational institutions are more complex within societies than the simple contrast between general and firm-specific skills can capture. Further, both the VOC and Marsden's theories tend to understand occupational segregation in relation to the rational choices of firms, faced with investment decisions and constraints deriving from bounded rationality. Fligstein's theory enables a much deeper consideration of the link between education and employment, both in constituting employment systems, and as a source of change and diversity within and between models of employment. Thus, the better performance of the US system in relation to the proportions of female managers, may have more to do with educational institutions within the US professionalist employment regime, than with the sorts of rational choices made by firms in reference to an essentialist view of women's (biological) life courses. This is implied in Estévez-Abe's contrast between general and firm-specific skill formation, and in her analyses elsewhere comparing women in professional employment cross-nationally (Estévez-Abe 2006), but her insights into education are limited by the deductive approach. Focusing on educational institutional effects on employment shifts the focus from firms as agents, to broader fields of social and cultural change with an effect on firms and their employment practices.

Finally, these approaches suggest some interesting new ways of looking at "families" of capitalism from the *perspective of comparative employment systems*, which may move the theorizing of comparative gender regimes forward as well. It is already clear, even for those aligned with the VOC approach (e.g. Estévez-Abe 2006) that the CME category is too heterogeneous, failing especially to capture differences in the work-welfare nexus in particular within Europe's CMEs (Ebbinghaus 2006) or for Japan (Osawa 2006). Both Marsden's approach and Fligstein's typology enable a better understanding not only of Japan and France, but also of the US. Thus it may be Professionalism, and not Liberalism, which explains the better advancement of women into management in the US. Likewise, Managerialism rather than firm-based skills helps to explain why women are so utterly excluded from regular employment in Japan, despite similar educational gains.

In closing, we would like to point to two other areas of research raised by the analyses of the three approaches, which could not be taken up adequately in this paper, but which deserve further discussion nonetheless: the effects of employment systems on class-based as well as gender inequalities and the role of women as collective actors in shaping contemporary employment change.

Though the impact of employment systems on stratification could not be examined as deeply as necessary in this paper, the three approaches imply different locations for the generation and persistence of complex inequalities in employment. In some senses, the VOC approach takes a managerialist view to employment relations in general, focusing on skill development and firms as actors. Here as well as in the *managerialism* ideal-type employment relation in Fligstein's theory, status differences generated within firm-internal labor markets and ranking systems are the key source of inequalities. As in the 'purest' real case, Japan, gender-based inequalities may be rooted in status differences between types of employment (in the Japanese case standard versus non-standard) and unequal treatment. Where employers and employees maximize the employment relation to their mutual benefit, as in Marsden's general model and Fligstein's *vocationalism*, class-based inequalities may be minimized considerably, primarily due to high protection and the supportive role played by collective agreements in this model. The model of *professionalism* (in Fligstein's theory) points toward educational institutions, both as the generators of inequalities (as in the state-led French model) and through educational expansion, minimization of inequalities. Here, differences in educational opportunities and outcomes may play the main stratifying role, with the "openness" of the educational system, an important factor in understanding class-, gender-based and ethnic inequalities and how these may intersect. Further research about the recombination and changing role of these different types of regulation of the education-employment nexus in comparative perspective can promise to uncover different logics of change in class and gender relations.

Finally, the political-cultural approach of Fligstein points to the balance of power, the importance of policy in employment change and the key role playing by shared understandings in the emergence, stability and change in employment systems. Though Fligstein's theory is not a gender theory, it is possible to write women's agency into his theory, as he implies in his analysis of changing occupational segregation. In this respect, the collective role that women are able to play in influencing employment policy, firm personnel strategies, the politics of labor unions and the normative support for gender equality and gender justice may prove to be important dimensions for understanding comparative differences in the quality of women's integration into employment cross-nationally. Given that educational institutions are both causes and effects of employment systems, the role of women in higher education, and the shifts from firm-based to general education, implied by the knowledge-based economy, may also be important resources for the better integration of women into employment. Broadening the set of actors changing employment systems to include women, (in politics, as citizens with legal resources to enforce equal opportunities, and as collective actors in labor markets, e.g. in the form of women's networks and professional associations) will certainly improve the comparative understanding of gender and employment, but may also help to better understand change in employment systems more generally as well.

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